Formula as approved by the NDC in December, 1991. Any change, therefore, in the Formula requires the approval of the NDC, subject to the overall resource position of the Centre.

(c) and (d) Yes, Sir. A "Debt Swap Scheme" has been formulated by the Central Government which aims at utilizing the current low interest rate regime to enable States to prepay expensive loans from Government of India in the past, with current low coupon bearing Small Savings and Open Market Loans. In 2002-03, 20% of Net Small Savings Loan payable to States from September have been used to prepay past debt. This has been supplemented by Rs. 10,000 crores of Open Market Borrowings for achieving the same purpose. In the current year, 30% of Net Small Savings, complemented by Additional Market Borrowings will be used for the swap. In fiscal year 2004-05, the swap will be effected through 40% of Net Small Savings and Additional Open Market Borrowings.

**Bailout package for Steel Companies**

*377. SHRI JIBON ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that banks and financial institutions are going to forego Rs. 1400 crores as a result of bailout package to three steel companies namely, Essar Steel, Ispat Industries and Jindal Vijaynagar Steel; and

(b) if so, the modalities thereof?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) No, Sir. Under the aegis of the Corporate Debt Restructuring (CDR) mechanism instituted by the Reserve Bank of India, the CDR Empowered Group has worked out a package for the Steel Industry. Essar Steel Limited, Ispat Industries Limited and Jindal Vijayanagar Steel Limited have availed of this package. The terms and conditions of the package include writing down of equity by the borrowers and furnishing of personal guarantees. The salient features of the restructuring by lenders are as follows:

(i) The new rupee loan would carry interest rate of 14% p.a. as against the higher document rate.

(ii) Foreign Currency (FC) Loans: The FC loans sanctioned originally to these companies continue to earn the interest rates as stipulated in the agreements and there is no sacrifice on these loans.

(iii) As per the restructuring package, 40% of the rupee loans are converted into foreign currency loans carrying a fixed interest rate of 8% p.a.

(iv) The compound interest overdues are to be converted into zero coupon debentures.

(v) The charges by way of liquidated damages and penal interest over and above the compound interest are to be waived.

(vi) Part of the loans are being converted into equity capital of the companies. This conversion would take place after the existing equity capital of the companies is written down by 40%.

**Circulation of fake currency notes**

*378. SHRI VIJAY SINGH YADAV: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware of the large circulation of fake currency notes especially of Rs. 500 and Rs. 100 denomination in Bihar and in other parts of the country;

(b) if so, the number of cases detected in Bihar alongwith the amount involved; and

(c) the steps taken by Government to save the common man from this menace?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) Yes, Sir, this has been observed, though, not as "large circulation".

(b) Data on fake currency is compiled by National Crime Records Bureau (NCRB) who informs that fake currency notes recovered in